out some transitional training and new orientation? It seems quite possible that, having finally made new priorities in Federal spending a reality, we will find that we cannot put them into effect. Hence, another aspect of the conversion dilemma. The type of analysis which I have made here is by no means exhaustive, nor do I even pretend to understand all the kinds of difficulties which we are likely to confront at the war's end. These examples are, however, sufficient to indicate that anything less than a broad program, involving public and private agencies, will meet nearly as much frustration as the industries, employees, and communities would if they were left completely on their own.

SPECIFIC ACTION NEEDED

The Federal Government does have programs which are quite relevant to conversion capability. The Ackley committee suggested that Federal-State unemployment insurance systems are in point, as are job information and placement services, training and retraining programs, limited relocation assistance, help for communities such as that supplied by the Office of Economic Adjustment in the Department of Defense and the Office of Economic Impact and Conversion under the Atomic Energy Commission. Of special significance is the provision in Armed Services Procurement Regulations allowing costs of long-range conversion planning to be written into contract costs.

The National Economic Conversion Act would build on these existing capabilities, determining whether they are sufficiently authorized and funded and adopting more effective methods.

The National Economic Conversion Commission, made up of department and agency heads, and of public members, would define appropriate policies and programs to be carried out by the Federal Government, including possible schedules of civilian public and private investment and plans for education and retraining for occupational conversion.

It would consult with State officials to encourage appropriate preparation at non-Federal levels, and it would be authorized to contribute up to 50 percent of the costs of studies leading to conversion capabilities.

It would work with trade and industry associations, labor unions, and professional societies, to encourage and enlist their support for a coordinated effort.

Within 1 year after enactment, it would convene a National Conference on Industrial Conversion and Growth, looking to appropriate planning and programing by all the sectors of the economy.

Finally, it would make specific recommendations to the President and the Congress.

Section 5 of the bill is, in my view, of overriding importance. As previously noted, present regulations allow military contractors to write the costs of conversion planning into their contracts. Yet the ACDA reports and other sources disclose that this has not been sufficient to bring most defense and space industries to a realization that such planning must be done.

Because the consequences of these failures can be so serious, not just for the specific company or plant but also for the people and the communities which depend on it, section 5 of the act would require that such planning be undertaken as a condition of contract fulfillment.

The section also recognizes that no Federal agency and no centralized group can possibly deal in a detailed fashion with the myriad of differing specific conversion problems which might arise in thousands of cases across the Nation. The industries, in cooperation with labor locals, community leaders, and others on the scene, are the only groups which can compile enough knowledge, and only they can decide which opportunities are most promising. The problem is decentralized, and so must be the planning and the bulk of the action to meet it.

Preparation for economic conversion will surmount serious problems. It can also bring great opportunities.

It can give defense planners a broader degree of flexibility in weapons production and modification, by eliminating some of the economic and political pressures which complicate their decisions.

It can open the door to the development of more productive and more reliable forms of enterprise.

It can, in the long run, enhance the productive and marketing genius which characterize American industry, reducing costs of production and strengthening our position in international trade.

And it can bring the human, physical, and financial resources no longer necessary to the military into quick focus on the domestic challenges we need so desperately to meet.

We must begin without delay.

The bill (S. 1285) to establish a National Economic Conversion Commission, and for other purposes, introduced by Mr. McGOVERN (for himself and other Senators), was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the RECORD:

EXHIBIT 1

S. 1285

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Economic Conversion Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress finds and declares that the United States has during the past two decades made heavy economic, scientific and technical commitments for defense; that careful preparation and study is necessary if wise decisions on future allocations of such resources are to be possible; that the economic ability of the Nation and of management, labor and capital to adjust to changing security needs is consistent with the general welfare of the United States; and that the economic conversion and diversification required by changing defense needs presents a great challenge and opportunity to the American people.

It is the purpose of this Act to provide the means through which the United States can determine the public policies which will best allow such economic conversion.

ESTABLISHMENT OF THE COMMISSION

SEC. 3. (a) There is hereby established, in the Executive Office of the President, the National Economic Conversion Commission (hereafter referred to as the "Commission"), which shall be composed of—

(1) The Secretary of Defense;
(2) The Secretary of Agriculture;
(3) The Secretary of Interior;
(4) The Secretary of Commerce, who shall be Chairman of the Commission;
(5) The Secretary of Labor;
(6) The Secretary of Health, Education and Welfare;
(7) The Secretary of Housing and Urban Development;
(8) The Secretary of Transportation;
(9) The Chairman of the Atomic Energy Commission;
(10) The Administrator of the National Aeronautics and Space Administration;
(11) The Director of the United States Arms Control and Disarmament Agency; and
(12) The Chairman of the Council of Economic Advisers.

(b) The Secretary of Commerce shall preside over meetings of the Commission; except that in his unavoidable absence he may designate a member of the Commission to preside in his place.

(c) The Commission may invite additional persons to serve as members of the Commission, either on a temporary or permanent basis, so long as the overall size of the Commission shall in no case exceed 18 members.

(d) The Commission shall have a staff to be headed by an executive secretary who shall be appointed by the President and who shall be compensated at the rate provided for Grade 18 of the General Schedule.

(e) Members of the Commission who are officers or employees of the Federal Government shall receive no additional compensation by virtue of membership on the Commission. Other members of the Commission shall receive compensation at the rate of not to exceed $100 per diem when engaged in the performance of duties for the Commission. Each member of the Commission shall be reimbursed, as authorized by law (5 U.S.C. 73b–2), for travel and subsistence and other necessary expenses incurred by him in the performance of his duties for the Commission.

DUTIES OF THE COMMISSION

SEC. 4. It shall be the duty of the Commission to—

(a) define appropriate policies and programs to be carried out by departments and agencies of the Federal Government for economic conversion capability, which shall include possible schedules of civilian public and private investment, including education and retraining for occupational conversion, associated with various degrees of economic conversion, and the anticipated effects thereof upon income and employment, and to report to the President and the Congress on such policies and programs within one year of the enactment of this Act;

(b) convene a National Conference on Industrial Conversion and Growth, within one year after the enactment of this Act, to consider the problems arising from a conversion to a civilian economy, and to encourage appropriate planning and programming by all sectors of the economy to facilitate the Nation's economic conversion capability;

(c) consult with the Governors of the States to encourage appropriate studies and conferences at the State, local and regional level, in support of a coordinated effort to improve the Nation's economic conversion capability, and make available to the Governors of the States such funds as shall constitute not more than 50 per centum of the total costs associated with the preparation of such studies or the holding of such conferences;

(d) consult with trade and industry associations, labor unions and professional societies, to encourage and enlist their support for a coordinated effort to improve the Nation's economic conversion capability;

(e) promulgate such regulations for the appropriate departments and agencies of the Federal Government as may be necessary for

the implementation of Section 5 of this Act; and

(f) make such recommendations to the President and to the Congress as will further the purposes of this Act.

INDUSTRIAL CONVERSION CAPABILITY

SEC. 5. (a) Under such regulations as the Commission shall prescribe, each defense contract or grant hereafter entered into by the Department of Defense or any military department thereof, or by the Atomic Energy Commission, shall contain provisions effective to require the contractor to define his capability for converting manpower, facilities, and any other resources now used for specific military products or purposes, to civilian uses.

(b) The Commission shall encourage trade and industry associations, labor unions and professional organizations to make appropriate studies and plans to further the conversion capabilities of their membership.

(c) As used in this section the term "defense contract or grant" means any contract or grant to business firms, Government agencies, universities and other nonprofit organizations.

(1) which involves—

(A) the research, development, production, maintenance, or storage of any weapons systems, arms, armament, ammunition, implements of war, parts or ingredients of such articles or supplies, or plans for the use thereof; or

(B) the construction, reconstruction, repair, or installation of a building, plant, structure, or facility which the Secretary of Defense or his designee, or the Chairman of the Atomic Energy Commission or his designee, certifies to be necessary to the national defense;

(2) which requires that the number of employees engaged in work under such defense contract or grant, together with employees engaged to work under any other such contract or grant, exceed 49 employees or 25 per centum of the total number of employees, which ever is greater, at any establishment operated by the contractor awarded such contract or grant; and

(3) which requires at least one year to complete.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission shall have the power to appoint and fix compensation of such personnel as it deems advisable in accordance with the applicable provisions of title 5, United States Code. The Commission may also procure temporary and intermittent services to the same extent as authorized for the departments by section 3109 of title 5, United States Code.

(b) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment or instrumentality, information, suggestions, estimates, and statistics for the purposes of this Act, and each department, bureau, agency, board, commission, office, independent establishment or instrumentality, is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission upon request made by the Chairman.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 7. Such sums as may be necessary to carry out the provisions of this Act are hereby authorized to be appropriated.

Mr. HATFIELD. Mr. President, 8 years ago when President Eisenhower left office, he warned of the dangers of a growing military industrial complex. Although he spoke from a military background, his warning was largely brushed aside and today we have a military budget which is double that of 1961.

One out of every 10 workers in this country is employed in defense work and our Department of Defense operations are so huge that they eclipse the total planned economy of nations such as France and the United Kingdom. We are faced with the prospect of our economy becoming hopelessly entangled in military activities.

Of course, a sizable portion of our present military budget is being spent on the Vietnam war. Eventually our major role in that conflict will be reduced or concluded and we must plan for that day. This bill provides an effective way to prepare for the transition from a military to a peacetime economy. It specifically calls for an industrial conversion capability on the part of Defense contractors and this provision should help assure that funds expended on Vietnam will not be shifted automatically to other military programs.

I receive considerable mail from across the country calling for increased funding for education, for housing, for new jobs, and for other pressing domestic needs. I sympathize with these requests and I try to reassure these people that the war will be concluded and military spending can be cut so that we can deal effectively with these basic needs on the homefront.

I strongly support the proposed National Economic Conversion Act as a means of achieving that objective, and I am pleased to join Senator MCGOVERN as a cosponsor.

S. 1290—INTRODUCTION OF A BILL TO INCORPORATE THE COLLEGE BENEFIT SYSTEM OF AMERICA

Mr. MCCLELLAN. Mr. President, for myself and Senators DIRKSEN, BAYH, BURDICK, EASTLAND, FULBRIGHT, HATFIELD, KENNEDY, MANSFIELD, PELL, RANDOLPH, SCOTT, TYDINGS, and WILLIAMS of New Jersey, I introduce, for appropriate reference, a bill to incorporate the college benefit system of America. I ask unanimous consent that at the conclusion of my remarks the text of the bill be made a part of the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, as requested.

(See exhibit 1.)

Mr. MCCLELLAN. Mr. President, our educational system has evolved from the modest one-room, one-teacher schoolhouse to a system which is unparalleled in the world. Our colleges and universities are the strength of that system and of our other institutions as well. From them come the trained graduates who manage and staff our Government, our schools, our churches, our industries, and our professions.

The financial rewards of industry and the various professions have generally exceeded those of higher education at all times in our history. And, yet, retention in higher education of skilled doctors, lawyers, engineers, physicists, and other specialists to teach our young people is essential if we are able to maintain our leadership in the future.

In the early part of this century, Andrew Carnegie resolved to strengthen the higher educational system of this country. He set up a system of free retirement pensions for educators for the purpose of allowing institutions to attract and hold skilled faculties. At that time, pensions were generally a novel concept in the United States. The Federal Government did not have a pension program, neither did most State and local governments, and there were only a few industrial pension plans in existence.

To assist Mr. Carnegie in providing a means to administer the pensions, Congress incorporated the Carnegie Foundation for the Advancement of Teaching in 1906. Mr. Carnegie endowed it with a total of $26 million—$15 million personally and $11 million through the Carnegie Corp., another of his charitable foundations.

It was Mr. Carnegie's hope that earnings from that endowment would be sufficient to provide free pensions; but with the rapid growth of higher education, it became apparent by 1915 that he did not have the resources to personally provide an adequate retirement pension system for all of higher education. The solution to the problem lay in establishing a pension system based on self-help, administered to serve the needs of higher education as the educators best saw them.

Beginning in 1915 and working with a group of outstanding educators, the Carnegie Foundation for the Advancement of Teaching formulated principles for a sound self-supporting pension system for higher education. The principles that were established comprise the basic structure of the retirement system now in effect. Both the institutions of higher education and the educators contribute to the pension system. Accumulated pension reserves have no cash surrender value but remain intact until retirement to provide a lifetime income. The benefits are fully vested in the individual at all times with his ownership protected by a legally enforceable contract. And being vested in the individual, the benefits are freely transferable—portable—with the individual, even if he moves from campus to campus, or in and out of the academic community. The portability of each individual pension plan, moreover, makes it possible for participating schools to employ persons possessing the experience and skill necessary to adequately fill vacancies on their faculties, or to enlarge or create new departments of education. The principles of portability, vesting, and full funding were extremely advanced concepts at the time of their formulation.

At the instance of the Carnegie Foundation for the Advancement of Teaching, Teachers Insurance and Annuity Association—TIAA—was chartered as a nonprofit, life insurance corporation under the laws of New York in 1918, to provide tax-free contributory pensions only for the faculties and staffs of institutions of higher education, without regard to race, sex, creed, or color. The Carnegie Corp., endowed TIAA with working capital, and thus began the first pension system in the United States in which annuity pensions first are fully funded, second vest

immediately in the beneficiary; and third, are portable. Those principles guided the establishment of the Federal social security system in 1935; and it should be noted that the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs recommended in 1965 that principles of vesting, portability, and full funding, which TIAA has provided for more than 50 years for higher education, be incorporated into all private pension plans for industry and labor.

After World War II, TIAA began a detailed study of the effects of inflation on fixed dollar annuities. One of the first findings was that not once during the history of the United States had the dollar remained stable over a period comprising a single individual's working and retirement years. Accordingly, at the request of TIAA working with a commission of educators from throughout the United States, the New York Legislature created college retirement equities fund—CREF—by special act in 1952 as a charitable and education membership corporation to provide variable annuity pensions without regard to race, sex, creed, or color, only for the faculties and staffs of educational institutions. Like TIAA, these pensions, first, are fully funded; second, vest immediately in the beneficiary; and third, are portable. CREF, therefore, was the first to provide a nationwide variable annuity pension system in the United States.

TIAA–CREF is the nationwide pension system for higher education in the United States. Because of its portability and vesting features, it has supplemented and in some cases, substituted for State and local government retirement programs for higher education, where the institutions and their faculties have an opportunity to elect the TIAA–CREF pension system. TIAA–CREF has more than 300,000 annuity contracts outstanding to faculty and staff members of more than 2,000 institutions of education. More than $3 billion in pension funds are represented.

The TIAA–CREF retirement system has proved to be an effective and inexpensive means of providing pensions for higher education. At its heart is a system which has been able to offer precisely equal services and benefits at equal cost to any college and to any participant in any of the 50 States. Its principles of full funding, immediate vesting, and portability between institutions make it a model for all private pension systems. The system has responded to changes in the economy and to the needs of higher education.

The portability and vesting aspects of the pension system of higher education enable faculty and staff members to carry their pensions between participating institutions without loss of benefits. There is no equivalent portability of pensions between industrial companies or between labor unions. Social Security is the only other nationwide pension system providing for full portability and vesting for its participants.

After more than 50 years of operation, the pension system of higher education is now confronted by a threat of taxation by one or more States on the periodic pension contributions of faculty and staff members and their institutions. This is attributable to the vesting and portability provisions of the pension contract. Such contracts are considered insurance products under State insurance codes and subject to multistate regulation and taxation.

It is not necessary here to recount the reasons why public policy provides tax exemption for public and private education. But it is not so well known how widely tax exemption applies to retirement plans and many other types of benefit plans in this country. Neither the Federal Government nor the State governments tax the periodic pension contributions of employers or employees in noninsured benefit plans, public and private. This nontaxed status is true of the pension plans of large national concerns such as A.T. & T., General Motors, and United States Steel—plans centrally administered and covering hundreds of thousands of people employed throughout the Nation. It is true of union-administered and negotiated health, welfare and retirement plans such as those of the United Mine Workers and the Teamsters Union. It is true of church plans. It is true of State teacher retirement systems, the pension programs of Federal civil service and the armed services, and all the other publicly administered pension plans for Federal, State, and local government employees.

Practically all Americans are now covered by private and public tax free pension plans under which their contributions for retirement purposes are not taxed, and the pension system of higher education should be equally treated. At the present time, neither the States nor the Federal Government are taxing the contributions made to the TIAA–CREF retirement program. Thus, maintenance of the retirement program of higher education from Federal and State taxes gives the colleges and their staff members no special privileges.

Private pension systems are a major element in this Nation's total retirement program. It is the public policy of the United States to encourage the development of private pension systems through favored tax treatment and special legislation because of the important social purposes they serve.

The intent of the proposed charter is to preserve the private pension system of higher education so that it can continue to offer precisely equal services and benefits at equal cost to education in all 50 States, and to protect the principles of immediate vesting, full funding, and portability from fragmentation or unequal treatment under local law.

The proposed charter leaves with higher education the duty of self-help set for them by Andrew Carnegie in establishing their pension system, and it continues in them the responsibility for the management of their pension system as they best see it, within the structures of the proposed charter and the laws of the United States. Nothing in the charter will add to the burdens of Federal, State, or local governments.

If a Federal charter is not granted by Congress, the TIAA–CREF program will increasingly be caught up in the network of multistate insurance regulations and taxation. This would ultimately subject TIAA–CREF contracts and benefit provisions to 50 different sets of insurance laws designed for commercial company operations. It could cut much of higher education off from CREF participation because some States do not now have a category in which the CREF-type variable annuity fits. And, it would impose an unwarranted tax on the benefit plan of private and public higher education, while benefit plans covering the vast majority of working Americans are not taxed at all.

In short, State-by-State controls would destroy the uniformity that now permits effective mobility of educators among institutions throughout the country without loss or alteration of benefits. It would add needlessly to education costs at a time when adequate financing of education is a national concern.

The bill (S. 1290) to incorporate the College Benefit System of America, introduced by Mr. McCLELLAN (for himself and other Senators), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD.

EXHIBIT 1

S. 1290

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CORPORATION CREATED

SECTION 1. The following persons: William C. Greenough, New York, New York, Henry T. Heald, New York, New York, Theodore M. Hesburgh, South Bend, Indiana, John W. Gardner, District of Columbia, Francis T. P. Plimpton, New York, New York, David Rockefeller, New York, New York, and Logan Wilson, District of Columbia; and their successors, are created and declared to be a body corporate under the laws of the United States of America, by the name of College Benefit System of America, and by such name shall be known and have perpetual succession and the powers, limitations and restrictions herein contained.

COMPLETION OF ORGANIZATION

SEC. 2. A majority of the persons named in section 1 of this Act are authorized to complete the organization of the Corporation by the selection of officers and employees, the adoption of a constitution and by-laws, not inconsistent with this Act, and the doing of such other acts as may be necessary for such purpose. The constitution and by-laws shall prescribe provisions for the amendment of such constitution and by-laws and any other provisions for the management and disposition of the property and regulation of the affairs of the Corporation which may be deemed expedient.

PURPOSES OF CORPORATION

SEC. 3. (a) The purposes of the Corporation are to aid and strengthen nonproprietary and nonprofit-making colleges, universities and other educational institutions engaged primarily in teaching or research, by causing to be continued and maintained, through its associated educational corporations as hereinafter defined, a system providing retirement annuities or benefits, fixed or variable in whole or in part, and such life and health insurance benefits as the Corporation may deem appropriate, under plans or programs suited to the needs of such institutions and staff members covered thereby, and providing

counseling of such institutions and staff members concerning pension and retirement plans and other measures of security, all without profit to the Corporation or any of its associated educational corporations.

(b) In furtherance of the foregoing purposes, the Corporation—

(1) may associate with itself in the manner provided in subsection (c) the existing New York nonprofit corporations known, respectively, as Teachers Insurance and Annuity Association of America and College Retirement Equities Fund, and any other nonprofit corporation which may hereafter become successor to either of said corporations or to all or any part of their operations; and

(2) may similarly associate with itself the existing New York nonprofit corporation known as Trustees of TIAA stock, which holds the stock of said Teachers Insurance and Annuity Association of America; or may acquire said stock by transfer, by merger or consolidation of said Trustees of TIAA Stock into the Corporation as the surviving corporation, or in any other manner not in contravention of the laws of the State of New York; and may thereafter administer said stock in such manner as in the judgment of the trustees of the Corporation will best ensure the continued accomplishment of the purposes of the Corporation and said Teachers Insurance and Annuity Association of America. Such merger or consolidation may be authorized by the Board of Trustees of the Corporation with the consent of a majority of the voting members of the Corporation, and shall comply with the applicable provisions of the laws of the State of New York.

(c) Any corporation referred to in subsection (b) shall be deemed an "associated educational corporation" of the Corporation, (1) in the case of a nonprofit stock corporation, if all the stock of such corporation is held by the Corporation, or by a corporation which is itself associated with the Corporation in any manner herein provided, or (2) in the case of a nonprofit nonstock corporation, if (i) the Corporation is a voting member of such corporation, or (ii) all or a majority of the voting members of the Corporation constitute all or a majority of the voting members of such corporation. The Corporation may effect such association with each or any of said corporations in any manner aforesaid, provided the manner of effecting such association is not in contravention of the laws of the state of incorporation of the associated corporation.

(d) If hereinafter at any time deemed by the Board of Trustees of the Corporation to be necessary or expedient for the accomplishment of the purposes of the Corporation, but only if and to the extent permitted under the laws of the State of incorporation of the other corporation or corporations concerned, the Corporation may acquire any or all of the assets and assume the related liabilities of said Teachers Insurance and Annuity Association of America and said College Retirement Equities Fund, or either of them, or any successor or successors to all or any part of their operations, or may merge or consolidate with one or more of such corporations under the charter of the Corporation as the surviving corporation, and in the event of any such acquisition, merger or consolidation the Corporation may thereafter administer the assets and conduct the operations so acquired, under and subject to applicable State law as provided in section 13. Any such merger or consolidation may be authorized by the Board of Trustees of the Corporation with the consent of a majority of the voting members of the Corporation, and shall comply with the applicable provisions of the laws of the State of incorporation of the other croporation or corporations entering into such merger or consolidation. Nothing herein shall be construed to authorize the Corporation itself to issue any fixed or variable annuity or insurance contract or policy except in the event of an acquisition, merger or consolidation pursuant to this subsection.

ADDITIONAL POWERS OF CORPORATION

SEC. 4. The Corporation shall also have the power—

(1) to have succession by its corporate name;

(2) to sue and be sued, complain and defend in any court of competent jurisdiction;

(3) to adopt, use, and alter a corporate seal;

(4) to choose such officers, managers, agents, and employees as the operations of the Corporation may require;

(5) to contract and be contracted with;

(6) to take by lease, gift, purchase, grant, devise, or bequest from any corporation, association, partnership, firm or individual and to hold, invest, reinvest, dispose of or otherwise deal with any property, real, personal or mixed, necessary or convenient for attaining the objects and carrying into effect the purposes of the Corporation, subject, however, to applicable state law as provided in section 13.

PRINCIPAL OFFICE; TERRITORIAL SCOPE OF ACTIVITIES; RESIDENT AGENT

SEC. 5. (a) The principal office of the Corporation shall be located in New York City, New York, or in such other place as may be later determined by the Board of Trustees, but the activities of the Corporation shall not be confined to that place, but may be conducted throughout the various states, territories, and possessions of the United States or elsewhere as provided in the Corporation's constitution and bylaws.

(b) The Corporation shall have in the District of Columbia at al times a designated agent authorized to accept service of process for the Corporation; and notice to or service upon such agent, or mailed to the business address of such agent, shall be deemed notice to or service upon the Corporation.

MEMBERSHIP; VOTING RIGHTS

SEC. 6. (a) Eligibility for membership in the Corporation and the rights, terms of office, privileges, and designation of classes of members shall, except as provided in this Act, be determined as the constitution and bylaws of the Corporation may provide.

(b) Each member of the Corporation, other than honorary, sustaining or associate members, shall have the right to one vote on each matter submitted to a vote at all meetings of the members of the Corporation.

BOARD OF TRUSTEES; COMPOSITION; TENURE; POWERS

SEC. 7. (a) Upon enactment of this Act the membership of the initial Board of Trustees of the Corporation shall consist of the members of the Corporation as specified in section 1 of this Act.

(b) Thereafter the constitution and bylaws of the Corporation shall prescribe the number, qualifications, powers, term of office, and manner of selection of trustees; the classification of trustees into not more than seven classes so that the term of office of one class shall expire each year; and the place or places for the holding of meetings.

(c) The Board of Trustees shall manage the affairs of the Corporation.

OFFICERS OF CORPORATION; ELECTION; TENURE; DUTIES

SEC. 8. (a) The officers of the Corporation shall include a president, a secretary, and a treasurer, together with such other officers as may be determined by the constitution and bylaws.

(b) The qualifications, powers, duties, manner of election and terms of office of the officers of the Corporation shall be as determined by the constitution and bylaws.

NONDISTRIBUTION OF INCOME OR ASSETS TO MEMBERS; PROHIBITED LOANS

SEC. 9. (a) No part of the income or assets of the Corporation shall inure to any of its members, trustees, officers or employees as such or be distributable to any of them during the life of the Corporation or upon its dissolution or liquidation; nor shall any member, trustee, officer or employee at any time have any personal interest in any property or assets of the Corporation. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation for services rendered or reimbursement of expenses incurred in its service in amounts approved by the Board of Trustees of the Corporation or benefits received as a proper beneficiary of its strictly charitable purposes. No member, trustee, officer or employee, in the absence of fraud or bad faith, shall be personally liable for the debts, obligations or liabilities of the Corporation.

(b The Corporation shall not make loans to its members, trustees, officers or employees. Any trustee who votes for or assents to the making of a loan to a member, trustee, officer or employee of the Corporation, and any officer who participates in the making of such a loan, shall be jointly and severally liable to the Corporation for the amount of such loan until the repayment thereof.

NONPOLITICAL NATURE OF CORPORATION

SEC. 10. The Corporation, and its trustees and officers as such, shall not contribute to or otherwise support or assist any political party or candidate for public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 11. The Corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

PROHIBITION AGAINST ISSUANCE OF STOCK OR PAYMENTS OF DIVIDENDS

SEC. 12. The Corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

REGULATION AND TAXATION BY STATES

SEC. 13. The operations and activities of the Corporation and its associated educational corporations relating to the providing of retirement annuities or benefits described in section 3(a), and relating to the providing of group life and health insurance benefits the cost of which is borne in whole or in part by educational institutions referred to in section 3(a), and, with respect to such operations and activities, the Corporation and its associated educational corporations, shall not be subject to regulation or taxation under the laws of any state relating to the regulation and taxation of the business of insurance or fixed or variable annuities, other than, in the case of an associated corporation, its state of incorporation, and, in the case of the Corporation or an associated corporation, any State in which it maintains resident employees or maintains resident agents employed and compensated by it. As used in this section, the term "State" includes the District of Columbia, Puerto Rico, and any territory or possession of the United States, and the term "Agent" shall not include an agent for service of process, or a person who is independently engaged in the business of servicing mortgage or other investments for others and whose services are retained by the Corporation or an associated corporation for such purposes; however, nothing herein shall be construed to affect state laws with respect to real estate or real estate mortgage investments by foreign charitable corporations, nor to exempt any real property of the Corporation or any associated corporation from taxation in any state or subdivision thereof, to the same extent, if any, according to its value, as real property of other corporations organized and operated exclusively for charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder of individual.

BOOKS AND RECORDS; INSPECTION

SEC. 14. The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Trustees and commit-

tees having any authority under the Board of Trustees; and it shall also keep at its principal office a record of the names and addresses of its members entitled to vote. All books and records of the Corporation may be inspected by any member entitled to vote, or his agent or attorney, for any proper purpose, at any reasonable time.

DISPOSITION OF ASSETS UPON DISSOLUTION OR LIQUIDATION

SEC. 15. In the event of dissolution or liquidation of the Corporation, all of its property and assets, after payment of its liabilities and obligations, shall be distributed as the Board of Trustees may determine, to one or more corporations or institutions of the character described in section 3.

REPORT TO SECRETARY OF HEALTH, EDUCATION AND WELFARE; AUDIT OF ACCOUNTS

SEC. 16. (a) The Corporation shall report annually to the Secretary of Health, Education and Welfare concerning the proceedings and activities of the Corporation and its associated corporations for the preceding calendar year. The Secretary of Health, Education and Welfare shall communicate to Congress the whole or such report, or such portion thereof as he shall deem appropriate.

(b) The accounts of the Corporation and its associate corporations shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants and the report of each such audit shall be submitted to Congress in accordance with the provisions of the Act entitled "An Act to Provide for Audit of Accounts of Private Corporations Established under Federal Law", approved August 30, 1964 (78 Stat. 635).

RESERVATION OF RIGHT TO AMEND OR REPEAL

SEC. 17. The right to alter, amend, or repeal this Act is expressly reserved.

LONG-DISTANCE LAW

Mr. McCLELLAN. Mr. President, the increase in serious crimes continues to imperil our internal security. Daily press reports reflect an increasing number of rapes, murders, robberies, and beatings in every major city in the United States. Criminals are now preying on society as never before. Indeed, lawlessness has become a critical national problem.

There is strong public sentiment in favor of more stringent action on the part of the courts of our country. A recent Gallup poll which was released on February 16 of this year indicated that 75 percent of those persons interviewed felt that law courts in the United States are "too soft" on criminals. In comparison to that, a Gallup poll conducted in April 1965, revealed that only 48 percent of the people interviewed expressed the opinion that the courts were "too soft" on criminals. This represents a 27-percent increase in less than 4 years.

Just last year, Congress expressed its concern, as well as its discontent, with prevailing attitudes of the U.S. Supreme Court as expressed by certain decisions in the area of criminal jurisprudence. By an overwhelming majority, Congress passed the Omnibus Crime Control and Safe Streets Act, which was designed to restore the effectiveness of local police and to bring the scales of justice back into balance.

Even though the Congress has spoken and public opinion continues to mount, the Supreme Court seems bent on broadening the area of protection for criminals while further restricting law enforcement officials in the legitimate performance of their duties.

This fact was amply illustrated just recently by the Court's decision in the case of Spinelli against United States. The Court overruled a conviction of the defendent and held that a search warrant obtained by police officers had been issued on insufficient evidence, although a report from an anonymous informer plus an independent FBI investigation had provided the basis for the issuance of the warrant.

A recent editorial in the Arkansas Democrat, dated February 7, 1969, and an accompanying article by Mr. Karr Shannon very aptly describe the critical issues presented and the effect of the Supreme Court's ruling. I ask unanimous consent that these articles be placed in the RECORD at this point:

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Arkansas Democrat, Feb. 7, 1969]

LONG-DISTANCE LAW

Largely overlooked last week in the flood of words about the Supreme Court's refusal to be drawn into denominational fights about dogma was another one of those 5 to 3 decisions that help crooks.

The court overturned the conviction of a known gambler in St. Louis because it didn't like the way the FBI went about getting a search warrant. An agent tailed the gambler-bookmaker and saw him park in front of the same apartment building four out of five days. The agent saw the man go into an apartment in the building that had two telephones with numbers that were the same as those furnished to the FBI by informants who said they had called them to place bets. The agent put all of this together in an affidavit that he submitted to a St. Louis judge, who, on the strength of it, issued a search warrant. The FBI entered the apartment and found all the evidence it needed to prove the man guilty.

But the majority of the Supreme Court said the local judge was wrong in issuing the search warrant. Justice John M. Harlan said that the affidavit was not written in sufficient detail and that the informant's reliability was not established. So the man went free.

Almost compensating for the bad decision was the tirade it produced. In what was described as a bitter and angry speech, Justice Hugo Black critized the majority opinion for 20 minutes. As he has on other occasions, he accused his fellow justices of trying to supervise local judges from "a thousand miles away." Even Justice Abe Fortas, who usually is wildly liberal on the matter of civil liberties, said that the issuance of the search was justified, as did Justice Potter Stewart.

Local judges simply have to have leeway in these matters. In the first place, if they insist on evidence of guilt, which is what the majority said the judge must have, the officers who gather it will be bound to alert the subject, who will then flee. Secondly, the local judge knows the local officers. A policeman might fool a judge once into giving him a warrant on flimsy prtext but not a second time.

Justice Byron White, who voted with the majority only to avoid a deadlock (Justice Thurgood Marshall disqualified himself), worried from the bench that this majority decision might establish a precedent. He called for the court to make a "full-scale reconsideration" before the justices use it as a guide in future search-warrant cases. We hope that local judges who might be intimidated by the decision got this word. At least some members of the Supreme Court don't believe local law enforcement can be directed from Washington, D.C.

[From the Arkansas Democrat, Feb. 7, 1969]

HIGH COURT TIGHTENS SHACKLES ON POLICE

(By Karr Shannon)

Apparently not content with rulings of recent years that shackle law enforcement while giving the breaks to criminals, the U.S. Supreme Court has tightend the shackles on police and other law-enforcement officers. In upsetting the gambling conviction of William Spinelli, and his three-year prison term and $5,000 fine, the high court, in a decision a few days ago, made it almost impossible for police to obtain search warrants.

The court never semes vitally concerned about the safety of the lawabiding; the emphasis is on the rights of the violators. And the court shows a tendency to clog the course of justice with technicalities.

The indisputable fact that, at the time of his arrest in 1965 by FBI agents, a quantity of horse racing and sports betting tabs were found in Spinelli's apartment doesn't seem to concern the five Supreme Court justices who upset the conviction.

In acting favorably on Spinelli's appeal, the high tribunal held that a search warrant obtained by police for the apartment had been issued on insufficient evidence. The majority ruled that an FBI investigation, even when supported by the word of a "reliable" underworld informant, was not enough to justify searching the apartment of a known bookie.

WHITE'S VOTE SURPRISE

The majority voting for reversal of Spinelli's conviction included, of course, Chief Justice Earl Warren. Those joining Warren were Justices William O. Douglas, William J. Brennan Jr., John M. Harlan—and—of all things!—Byron R. White.

Justice White is certainly "out of character" in this vote. Considered the most conservative of the court's membership, he has normally dissented in cases of this type. And his reason for siding with the majority in the 5-3 vote—in which Justice Thurgood Marshall did not participate—is downright ludicrous. He said he concurred with the Warren group because, among other things, to vote otherwise would have brought about a divided court.

That's one time "Whizzer" White fumbled the ball!

And here's another surprise vote: The liberal Justice Abe Fortas, usually voting with Warren, dissented with Justices Hugo Black and Potter Stewart. Maybe his recent bout with the Senate, in which he failed elevation to the chief justiceship, gave him some second-thoughts.

JUSTICE BLACK'S LOGIC

In his dissent, Justice Black clearly pointed up the dangerous precedent the court's ruling has set. He cited a 1964 decision which he said "went very far toward elevating the magistrate's hearing . . . to a full-fledged trial, where witness must be brought forward to attest personally to the facts . . . " The decision on Spinelli, he added, expands that to almost unbelievable proportions.

"In fact," Justice Black declared, "I believe the court is moving rapidly, through complex analysis and obfuscatory language, toward the holding that no magistrate can issue a warrant unless, according to some unknown standard of proof, he can be persuaded that the suspect defendant is actually guilty of a crime."

Commenting on the decision, the St. Louis Globe-Democrat said:

"Mobsters from Burbank to Boston must be loudly acclaiming the Supreme Court's latest ruling, which extends greater rights to criminals than to law-abiding citizens . . . The court's next step, conceivably, might be a decision that search warrants can be

issued only when suspected lawbreakers send police engraved invitations."

S. 1296—INTRODUCTION OF BILL TO AMEND THE MILITARY SERVICE ACT OF 1967

Mr. HART. Mr. President, for more than 20 years our Nation has used an inequitable and needlessly disruptive system to draft men into the Armed Forces.

No longer can we justify such a system merely because it succeeds in filling the manpower demands of the military.

In the past two decades the Nation has made considerable progress in extending the concept of equality and due process of law to all citizens; yet, when it comes to the draft, many young Americans are still denied those basic rights.

The case for reform is strong; the call for change clear.

Three presidential commissions, many Senators, including 23 who voted against the Military Selective Act of 1967, numerous educational officials, and citizens of all ages have supported changes to correct the shortcomings of the present draft system.

The Selective Service System should be revised as quickly as possible, first, because justice delayed is justice denied, and second, in its present form the system adds to the feeling of alienation spreading among our youth.

As long as all are not called to serve, we must strive to be as fair as possible in selecting those who are required to serve.

That is not the case today, and our youth recognize that fact.

A process of government which can require a man to disrupt his life for up to 2 years must provide the man with such basic safeguards as the right to counsel.

That is not the case today, and our youth resent that fact.

It is not surprising then that many young men, whose first contact with the Federal Government is through local draft boards, questions a government which uses an unfair and arbitrary system in the name of protecting the Nation's freedoms.

Equally disturbing, the present draft system forces draft-age men to live under a cloud of uncertainty for many years. It is difficult indeed to plan a career or educational program if a person is more vulnerable to the draft as he gets older. The Nation's and the individual's interest would be served by reducing as much as possible the disruptive uncertainty created by a selective service system.

Revision is needed, and to that end I have recently cosponsored an extensive draft revision bill introduced by the senior Senator from Massachusetts (Mr. KENNEDY), but justice also demands we move as quickly as possible to correct as many shortcomings as possible. To that end I introduce today a more limited bill than Senator KENNEDY's in the hope of speedy congressional passage.

My bill would eliminate inequities and uncertainties created by the present law by establishing a prime selection group and reversing the order of call in order to induct younger men first.

The selection group would consist of 19-year-olds who have not secured deferments, men whose deferments have expired and men between the ages of 20 and 26 who are now subject to the draft but have not been called.

Each name would remain in the prime selection group for not more than 1 year. If the selection group could not provide the manpower needed to meet the demand, additional men would be called, selecting first from younger age groups. Therefore, if a man were not called while his name was in the prime selection pool, his chance of being drafted would drop considerably with each passing year.

Men can receive educational deferments for up to 4 years, but at the end of that period are placed in the prime selection group and considered as 19-year-olds for the purposes of draft.

My bill also makes it possible for men to be selected by lottery, which is perhaps the fairest selection method when some but not all must serve.

I think that commonsense dictates such changes. My proposal allows our youth to make plans for their lives with some assurance that their plans will not be interrupted by the draft at age 24, 25, or 26. A small degree of uncertainty remains, but no longer is a man faced with equal vulnerability to the draft for 8 long years.

This part of my bill is the same as S. 3394, which I introduced in the last Congress with the Senators from Massachusetts (Mr. KENNEDY and Mr. BROOKE), the senior Senator from Texas (Mr. YARBOROUGH), and the junior Senator from Minnesota (Mr. MONDALE).

Following introduction of the bill, I sought the views of some college presidents.

Mr. President, because those views are relevant to the bill I introduce today, I ask unanimous consent that letters written by college presidents in response to my inquiry be printed the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HART. Mr. President, but more must be done than just reversing the order of call. The whole classification and selection procedure must be examined in light of our basic concepts of due process of law. The inequities and procedural flaws in the present draft act deprive every 18-year-old male of certain basic constitutional rights.

I believe that the Selective Service System should, as Congress intended, be entirely independent of the military. Until a registrant takes the military oath, he should be treated as a civilian, subject to civilian laws and regulation. In order to preserve the independence and integrity of the Selective Service System, my bill requires the Director of the System and all State directors be civilians. I do not contend that members of the military would be unfair or would not protect the civil rights of registrants, but I believe the Nation would have more confidence in the System if civilians are responsible for calling civilians to military duty.

I further propose that the director of the system be appointed, with the consent of the Senate, for a term of 7 years and that Senate approval be required for each term. Directors more than 70 years old can be appointed for 1-year terms only, also subject to the approval of the Senate.

The National Director has a very responsible position in determining who shall be drafted when all are not needed. In recognition of the importance of his position, I recommended that the Director be paid at level III of the executive pay schedule.

I am a lawyer, as are many Members of this body. Some of you may have been surprised to learn that under present selective service regulations a registrant may not be represented by legal counsel at a personal hearing before the local board. It seems inconceivable to me, and, I believe, to anyone who adheres to the protections afforded by our Constitution, that an individual can be forced to appear before a governmental body—in particular one that can require an individual to place his life in jeopardy—without legal counsel.

Is it not asking too much to expect an 18-year-old boy at a local board hearing to know, let alone understand, the maze of selective service regulations, advisory bulletins and memos, and court decisions affecting draft procedures?

How can we expect this youth, or any layman regardless of age, to have all this material at his fingertips when he appears before the board?

There is no way he can make an effective case for a deferment or exception without having counsel at his side. No other administrative agency can deprive an individual of his constitutional and statutory rights without an attorney. Can we allow Selective Service, an agency that deals with lives and not the cost of electric power or the determination of an airline route, this exemption? The answer is no.

As long as we provide for deferments and exemptions in the statute and as long as we do not need the services of all men between the ages of 18 and 26, it is particularly important that we adhere strictly to all legal protections and benefits granted by law and the Constitution.

My bill specifically provides that every registrant may present evidence and be accompanied by legal counsel at his personal appearance before the local board.

Under present law, the registrant is required to make his own record of local board proceedings. This is unfair. How can anyone argue his case for appeal without the advice of counsel, and at the same time take accurate and detailed notes of the proceedings.

My bill would correct this injustice by requiring the local board, at its own expense, to furnish a record of its proceedings to the appeal board.

The Selective Service System indicates that legal counsel is not needed because registrants are served by the Government appeal agent. Theoretically, the Government appeal agent is available to provide advice and counsel on a registrant's rights to deferments and other